

Message Text

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ORIGIN OPIC-06

INFO OCT-01 AF-10 NEA-10 ISO-00 EB-08 COME-00 /035 R

DRAFTED BY OPIC/F BWTREADWELL
APPROVED BY NEA/AFN:JKBISHOP
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FM SECSTATE WASHDC
TO AMEMBASSY TUNIS
INFO AMEMBASSY NAIROBI

UNCLAS STATE 177998

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: FURFURAL FROM TUNISIAN OLIVE PITS PROJECT

REF: TUNIS 4417

1. OPIC HAS CONTACTED QUAKER OATS AND RECEIVED POSITIVE
EXPRESSION OF INTEREST IN REFERENCED PROJECT. NEXT STEP
WOULD BE FOR EMB TO POUCH ECONOMIC STUDY TO OPIC FOR
ONWARD TRANSMISSION TO COMPANY.

2. QUAKER OATS CLAIMS TO BE THE ONLY PRODUCER OF FURFURAL
IN THE U.S. PLANTS IN MEMPHIS AND ON WEST COAST PROCESS
FURFURAL FROM CORN COBS. MECHANIZATION AND POLLUTION CON-
TROL EQUIPMENT REQUIREMENTS HAVE FORCED QUAKER OATS TO
BECOME A HIGH COST PRODUCER OF FURFURAL. IN RECENT YEARS
16 LDC'S AND LOWER LABOR COST COUNTRIES HAVE ENTERED THE
MARKET AND CAPTURED NON-U.S. MARKETS INCLUDING WESTERN
EUROPE. PRESENTLY, THERE IS A GLUT OF FURFURAL ON WORLD
MARKET AND PRICE IS FALLING.

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3. QUAKER OATS WOULD BE INTERESTED IN EXPLORING RELATION-
SHIPS WITH BOUKHRIS FOR PROJECT IN WHICH QUAKER OATS COULD
CONTROL SUPPLY OF LOWER PRODUCTION COST FURFURAL. THIS
WOULD ALLOW QUAKER TO RE-ENTER THE EUROPEAN MARKET. IT
SEEMS HERE THAT GOALS OF U.S. COMPANY AND GOALS OF
BOUKHRIS EXPRESSED IN REFTEL COINCIDE PERFECTLY. QUAKER

ADVISES HOWEVER THAT ITALIANS HAVE THE BEST TECHNOLOGY FOR FURFURAL FROM OLIVE PITS ALTHOUGH ITS OWN TECHNOLOGY IS PROBABLY ADAPTABLE.

4. OPIC WILLING TO CONTINUE TO ASSIST EMB IN BROKERING THIS JOINT VENTURE POSSIBILITY. PLEASE ADVISE WHETHER ECONOMIC STUDY MENTIONED IN REFTL IS PRESENTLY AVAILABLE OR WHETHER BOUKHRIS MEANT IT WOULD BE PREPARED IN THE FUTURE. ALSO ADVISE WHICH TUNISIAN CORPORATE ENTITY IS THE INTENDED LOCAL PARTNER.

5. TREADWELL'S CONTACT AT QUAKER OATS IS ALAN RADCLIFFE, GROUP PRODUCT DEVELOPMENT MANAGER, INTERNATIONAL CHEMICALS DIVISION, MERCHANDISE MART PLAZA, CHICAGO, ILLINOIS 60654, PHONE (312) 222-7662.

6. NAIROBI - FOR ECON/COMM SECTION
FYI - IN VIEW MAJOR FURFURAL PROJECT COMING ON STREAM SPONSORED BY GUINNESS PEAT, THOUGHT EMBASSY WOULD BE INTERESTED IN U.S. FURFURAL INDUSTRY REMARKS. CHRISTOPHER

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